



Gas Processors Association

Natural Gas Interchangeability Conference

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Gas Processing Overview

➤ What is the GPA?

- trade organization of 104 member companies that produce over 90% of U.S. natural gas liquids (NGLs)
- organized in 1921 to create standards for natural gasoline extracted from pipeline gas
- a strong history of involvement in safety, environmental & technical issues

➤ Evolution of Gas Processing

- Gasoline plants, 1920's
- Lean oil absorption plants, 1940-1960's
- Cryogenic plants, 1960's-present

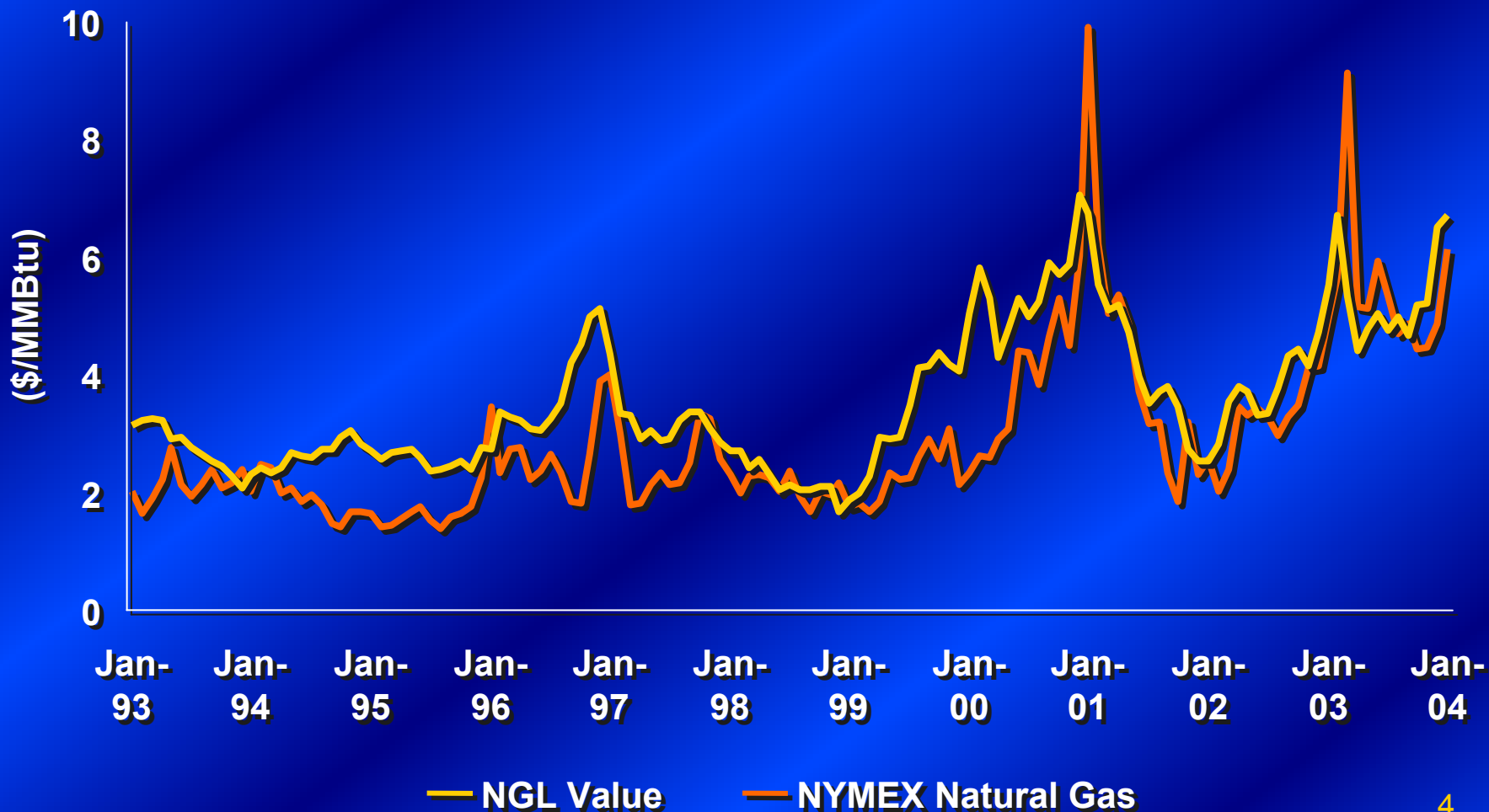
➤ Approximately 80% of U.S. gas is processed



Gas Processing Overview

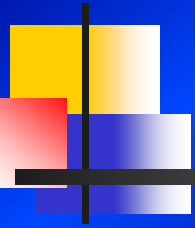
- Where do NGLs go?
 - Natural Gasoline → refinery & petrochemical feedstock
 - Butane → refinery feedstock
 - Propane → petrochemical feedstock, heat fuel
 - Ethane → petrochemical feedstock
- Processing includes removing impurities such as water, carbon dioxide & hydrogen sulfide
- Historical economic premise: NGLs extracted are worth more than gas; “value added”
- Today’s economic reality: The thermal value of the residue gas is the highest value product from processing

Gas Processing Economics



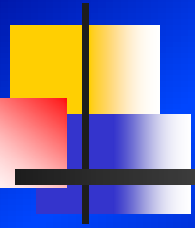
Gas Processing Economics





Processing Considerations

- All gas going through plant incurs costs
- Can't do "selective" processing
- Plants have a limited range of operation
- All residue gas from plant will be of the same quality (plts with multiple outlets)
- Processing beyond minimum specifications economically benefits downstream receipts & deliveries



Future Outlook

- Expect continued volatility in NGL and natural gas commodity markets
- Gas processors can provide:
 - Feedstock for petrochemical & refining
 - Dew point control for domestic gas
 - Btu reduction for LNG
- Need consistent quality standards for pipeline gas to allow for good operating and investment decisions



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